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## Review of the book The Mexican Economy, 1870-1930: Essays on Institutions, Revolution, and Growth by Jeffrey Bortz and Stephen Haber, eds.

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## The Mexican Economy, 1870-1930: Essays on the Economic History of Institutions, Revolution, and Growth (review)

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Schell's analysis ends abruptly, with a rushed epilogue covering 75 years of Church-State relations. The persistence of religious influence in Mexican politics is characterized by hyperbolic instances like mid-1990s conflicts over miniskirts and Wonderbra advertisements. Schell cites President Vicente Fox's use of religious symbols to show the reemergence of Catholic politics, yet does not mention his ideological distance from the Partido de Acción Nacional's traditional leadership. She mentions the Church's post-Vatican II re-evaluation of its intransigence regarding education, but not secular influences like Paulo Freire, who inspired many to challenge pedagogies of rote memorization and implicit social control in public and private schools. The events and participants of the educational and social debates of the 1920s that Schell discovered and richly presents merit their own conclusions.

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*The Mexican Economy, 1870-1930: Essays on the Economic History of Institutions, Revolution, and Growth.* Edited by Jeffrey L. Bortz and Stephen Haber. Stanford: Stanford University Press, 2002. Pp. xvii, 348. Illustrations. Notes. Bibliography. Index. \$65.00 cloth; \$25.95 paper.

This stimulating and well-researched anthology, which features established scholars and new voices residing in Mexico and the United States, mostly employs methods and perspectives of "New Institutional Economics" to analyze the Mexican economy during the Porfirian and revolutionary periods. The volume is divided into three sections (finance; commerce; and labor). In introductory (by Bortz and Haber) and concluding (by Haber) chapters, the editors maintain that Mexican capitalism was a distinct type: "The Díaz dictatorship was . . . a canonical example of crony capitalism. Crony capitalism is a system in which those close to political authorities who make and enforce policies receive favors or entitlements that have large economic value. These favors or entitlements allow politically connected economic agents to earn returns above those that would prevail in a competitive economy" (p. 326). Haber's concluding chapter shows how the anthology's essays demonstrate that crony capitalism existed in Mexico, an economic form he condemns for slowing economic growth. But from the vantage point of this reviewer, Haber's conclusion does not acknowledge the anthology's diversity. True, some essays explicitly articulate his thesis and none of the essays contradict it. But one of the strengths of the anthology is that there is a degree of variety in the essays' perspectives and concerns.

Take Carlos Marichal's fine essay on the formation of Banamex in the 1880s. His central point is that the creation of this unofficial government bank was crucial to renegotiating the foreign debt in the 1880s after a six-decade moratorium on foreign debt service. Marichal asserts that it was a "watershed" in Mexican financial history and he also emphasizes its importance to establishing Mexico's international financial credibility. In contrast, a compelling chapter by Noel Maurer, which examines

Banamex during the late Porfiriato (1897-1910), sustains Haber's indictment of Porfirian capitalism. Maurer challenges Porfiristas' contention that Banamex's special privileges were justified since it functioned like a central bank by establishing national currency uniformity and creating a stable financial system. Maurer maintains that not only did it not serve these functions, but also that it inhibited lending, which slowed economic growth. A complementary chapter penned by Maurer and Haber expands on this theme, for it convincingly shows that a concentrated Porfirian banking sector impeded growth in the textile industry by limiting most firms' access to capital. One of the themes in Paolo Riguzzi's penetrating and broad ranging analysis of Porfirian mortgage contracts sustains Haber's thesis, for it shows that monopoly power limited credit to the agricultural sector and slowed growth.

But the articles in section two, like Marichal's piece, do not focus on crony capitalism. Sandra Kuntz Ficker's insightful and informative analysis of commercial policy convincingly shows that during the late Porfiriato transaction costs lowered, which resulted in a significant increase in commercial activity. Her essay is complemented by Edward Beatty's compelling and well-researched essay, which argues that tariff policy was crucial to late-Porfirian industrialization. Haber cites this protectionism as another example of crony capitalism, but Beatty's revisionist interpretation stresses a "developmental" economic policy and vision. Ironically, the fascinating essay in section three written by co-editor Bortz, which examines legal reforms in capital-industrial labor relations, also veers from the theme of crony capitalism, for it focuses not on profits and productivity, but rather the significant increase in workers' legal power during the revolutionary period. Bortz's piece is nicely complemented by Aurora Gómez-Galvarriato's insightful and well-researched case study of textile workers at the Santa Rosa mill in Orizaba; it, too, underscores workers' increasing strength vis-à-vis capital, which translated into higher wages, especially in the Orizaba region (which had a high concentration of mills). But in contrast to Bortz, her article also features the "crony-capitalist" aspects of the revolutionary era by carefully examining the issue of productivity: increased wages were not accompanied by increased productivity, which, in the long run, led to the demise of the industry.

This group of essays employs innovative methods, utilizes new sources, and reaches a variety of important conclusions about the Mexican economy during the Porfirian and revolutionary eras. It is a significant addition to the growing body of scholarship on the period.

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